

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: PHILIPPINE NUCLEAR POWER PLANT

REF: TOKYO 10999 (NOTAL)

FOR EXIM CHAIRMAN CASEY.

1. COMPLETE PICTURE ON SUBJECT MATTER IS AS FOLLOWS:

A. AT A MEETING HELD IN MR. CASEY'S OFFICE JUNE 12 SECRETARY FINANCE VIRATA DISCUSSED FINANCING OF NUCLEAR POWER PROJECT BY EXIM BANK. HE SAID THAT WESTINGHOUSE WAS LIKELY U.S. EXPORTER WITH CONSTRUCTION ON A "TURNKEY BASIS" BEGINNING A YEAR FROM NOW. MR. CASEY REPLIED THAT HE HAD A VERY POSITIVE ATTITUDE THIS TYPE OF PROJECT BUT CAUTIONED THAT HE COULD NOT MAKE A DEFINITE COMMITMENT BECAUSE OF LIMITED BANK RESOURCES AND RAPIDLY CHANGING WORLD CONDITIONS. MR. CASEY SUGGESTED THAT VIRATA HAVE HIS STAFF PERSONNEL DISCUSS FINANCING WITH BANK OFFICIALS AND APPLY FOR PRELIMINARY COMMITMENT AT APPROPRIATE TIME.

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B. MANILA 7322 ADVISED US THAT "ON JUNE 17 NATIONAL POWER

CORPORATION GENERAL MANAGER RAVENZO AND WESTINGHOUSE SIGNED LETTER OF COMMITMENT UNDER TERMS OF WHICH PARTIES WILL NEGOTIATE CONTRACTS FOR CONSTRUCTION ON TURNKEY BASIS OF TWO 626 MEGAWATT NUCLEAR POWER PLANTS -- PHILIPPINES' FIRST."

C. AMBASSADOR SULLIVAN INFORMED CHAIRMAN CASEY BY LETTER OF JULY 29, 1974 THAT PHILIPPINE GOVERNMENT HAD SIGNED LETTER OF COMMITMENT WITH WESTINGHOUSE TO COVER PROJECT AND WAS DISCUSSING FINANCING WITH A GROUP OF FINANCIAL INSTITUTIONS. AMERICAN EXPRESS SEEMED TO HAVE INSIDE TRACK AS LEAD BANK. AMBASSADOR SULLIVAN FURTHER STATED THAT EXECUTIVE SECRETARY MELCHOR HAD BEEN PRESSING HIM WITH QUESTIONS ABOUT TERMS. REPLYING TO MELCHOR AMBASSADOR STRESSED NEED FOR PHILIPPINE NEGOTIATORS TO DISCUSS CONTRACT TERMS DIRECTLY WITH BANK.

D. CHAIRMAN CASEY REPLIED TO AMBASSADOR AUGUST 14 REITERATING FACT THAT DISCUSSIONS ON FINANCING NUCLEAR PLANT SHOULD TAKE PLACE IN WASHINGTON WHEN GOP IS READY. CHAIRMAN CASEY ALSO ADDED BANK HAD BEEN INFORMED BY WESTINGHOUSE THAT THEY AND ENGINEER BURNS AND ROE WORKING WITH PHILIPPINE AUTHORITIES TO ORGANIZE FINANCE COMMITTEE EXPECTED TO REPRESENT PHILIPPINES IN DISCUSSION WITH EXIM BANK.

E. A TELEX FROM CORDELL HULL, MANAGING DIRECTOR AMERICAN EXPRESS INTERNATIONAL, DATED AUGUST 20, 1974 TO MR. CASEY CONFIRMED TELECON HELD AUGUST 16. IN SUMMARY: (A) AMERICAN EXPRESS IS LEAD BANK ON THIS PROJECT TO BE HEADED BY THEIR PHILIPPINE REPRESENTATIVE ROBERT S. MASON. (B) MR. HULL AND MR. MASON BRIEFED AMBASSADOR SULLIVAN ON FINANCING OF PROJECT. (C) AMERICAN EXPRESS NOW ENGAGED IN DETAILED ANALYTICAL WORK INVOLVING COST FINANCING OF INTEREST AND AS SOON AS STUDY COMPLETED THEY WILL COME TO WASHINGTON FOR FIRST MEETING ACCOMPANIED BY CONCERNED PHILIPPINE REPRESENTATIVES SOMETIME IN SEPTEMBER.

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